

Message Text

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PAGE 01 STATE 118181
ORIGIN EA-06

INFO OCT-01 ISO-00 ONY-00 /007 R

DRAFTED BY EA/TIMBS:STAFF:CCH
APPROVED BY EA/TIMBS:REFRITTS
DESIRED DISTRIBUTION
EA ONLY

-----055116 092353Z /70

O R 092227Z MAY 78
FM SECSTATE WASHDC
TO AMEMBASSY WELLINGTON IMMEDIATE
INFO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS
XMT AMEMBASSY WELLINGTON

S E C R E T STATE 118181

LIMDIS; WELLINGTON ALSO FOR ASST SEC HOLBROOKE, NOFORN

E.O. 11652: GDS

TAGS: XC

SUBJECT: WEEKLY STATUS REPORT -- THAILAND, INDONESIA,
MALAYSIA, BURMA AND SINGAPORE AFFAIRS

GENERAL

VICE PRESIDENTIAL TRIP (LOU)

MUCH OF TIMBS' TIME AND FOCUS WERE DEVOTED TO THE FINAL
PREPARATIONS AND SUPPORT OF THE THAILAND AND INDONESIA
STOPS ON THE VICE PRESIDENT'S ITINERARY. WITH THE ACTUAL
VISITS NOW ACCOMPLISHED, WE WILL PURSUE THE FOLLOW-UP
ACTIONS.

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SECRET

SECRET

PAGE 02 STATE 118181

DETAINEES (CONF)

EMBASSY JAKARTA UNDERSTANDS THAT THE ICRC TEAM VISITING
INDONESIAN DETENTION CENTERS WRAPPED UP ITS FIRST SET OF
INSPECTIONS AND LEFT INDONESIA ON MAY 9. THE TEAM WILL
RETURN ON MAY 25 TO RESUME INSPECTIONS, THIS TIME BROADEN-

ING OUT FROM JAKARTA TO INCLUDE CENTERS ON JAVA AND IN THE OUTER ISLANDS. THE ICRC TEAM REPORTEDLY REMAINS VERY PLEASED WITH THE GOI'S COOPERATION. RELATIONS WITH CPR (CONF)

AN INDONESIAN CHAMBER OF COMMERCE DELEGATION WHICH LEFT JAKARTA MAY 8 FOR HONG KONG EN ROUTE TO PEKING HAS BEEN DESCRIBED BY ITS LEADER AS A "STEP" IN THE NORMALIZATION OF RELATIONS. THE DEL LEADER NOTED, HOWEVER, THAT THE ISSUE ITSELF WOULD NOT BE DISCUSSED. WE ALSO UNDERSTAND THAT VISIT DOES NOT SIGNAL ANY ACCELERATION IN THE GOI TIMETABLE FOR NORMALIZATION.

COMMENT: TIMETABLE REMAINS MURKY IN THE LIGHT OF CONTINUING EVIDENCE OF DIFFERING OPINIONS WITHIN THE GOI ON THE PROPER SPEED OF ADVANCE.

IRS DECISION (CONF)

DEPARTMENT HAS BEEN INFORMED THAT THE LAWYER FOR THE NATOMAS OIL COMPANY, IS ON HIS WAY TO JAKARTA MAY 9 OR 10 TO WORK OUT DETAILS WITH THE COMPANIES. WE ARE TOLD THAT THE FINAL IRS RULING IS NOW EXPECTED TO APPEAR VERY SHORTLY, NOT AWAITING THE PUBLICATION OF THE NECESSARY INDONESIAN REGULATIONS.

SECRET

SECRET

PAGE 03 STATE 118181

THAILAND

PROSPECTS IN SINO-THAI RELATIONS BRIGHT (CONF)

EMBASSY BANGKOK REPORTS THAT IN THE WAKE OF PM KRIANGSAK'S VISIT TO PEKING, SINO-THAI RELATIONS HAVE RETURNED TO THE NEAR EUPHORIC LEVEL THAT EXISTED AFTER THE INITIAL ESTABLISHMENT OF DIPLOMATIC RELATIONS IN 1975. SINCE THE VISIT, KRIANGSAK AND THE CHINESE AMBASSADOR IN BANGKOK HAVE HOSTED MUTUAL APPRECIATION DINNERS; THE PRC AMBASSADOR HAS PRESENTED FORMAL INVITATIONS FOR THE KING AND QUEEN TO VISIT CHINA; THAILAND HAS ANNOUNCED THAT THE PRC HAS REQUESTED AN EXCHANGE OF MILITARY ATTACHES; AND AT LEAST EIGHT THAI DELEGATIONS HAVE DEPARTED FOR THE PRC WITH MORE PLANNED AND SIGNS THAT THE PRC WILL BEGIN TO RECIPROCATE. THE EMBASSY COMMENTED THAT THAI DOMESTIC SENSITIVITIES REQUIRE THAT EITHER CHAIRMAN HUA KUO-FENG OR DEP PM TENG HSIAO-PING VISIT THAILAND BEFORE THE KING AND QUEEN WOULD AGREE TO TRAVEL TO CHINA. SINCE TENG WILL REPORTEDLY VISIT THAILAND BEFORE THE END OF THE YEAR, A ROYAL VISIT TO CHINA IS POSSIBLE SOME TIME IN 1979.

MALAYSIA

NATIONAL EXPORT POLICY TASK FORCE (LOU)

EMBASSY KUALA LUMPUR NOTES INTER ALIA THAT THE MOST SERIOUS COMMERCIAL PROBLEM FACING THE U.S. IN MALAYSIA IS JAPANESE FINANCING OF COMMERCIAL EXPORTS ON AID TERMS. THE EMBASSY SUGGESTS THAT THE USG SHOULD CONTINUE TO URGE THE GOJ TO UNTIE ITS AID OR AT LEAST STOP USING IT AS IF IT WERE AN EXIM-TYPE PROGRAM. IF THIS DOES NOT OCCUR, THE EMBASSY BELIEVES THE USG SHOULD GIVE SERIOUS CONSIDERATION TO SEEKING CONGRESSIONAL APPROVAL FOR DIRECT COMPETITION IN THOSE CASES WHERE JAPANESE AID
SECRET

SECRET

PAGE 04 STATE 118181

FUNDS ARE BEING USED FOR COMMERCIAL FINANCING TO THE DETRIMENT OF AMERICAN EXPORTERS. THE EMBASSY ALSO CONCLUDES THAT ADDITIONAL EXPORT OPPORTUNITIES ARE EMERGING IN NON-PENINSULAR MALAYSIA THAT WE MAY MISS BECAUSE OF LACK OF PRESENCE (THE JAPANESE ALREADY HAVE A CONSULATE IN SABAH).

HUSSEIN-SUHARTO MEETING (UNCL)

EMBASSY KL REPORTS THAT THE MALAYSIAN MINISTRY OF FOREIGN AFFAIRS HAS ANNOUNCED THAT PRESIDENT SUHARTO OF INDONESIA WILL MEET WITH MALAYSIAN PM DATUK HUSSEIN ONN FOR TWO DAYS STARTING MAY 17 ON LABUAN ISLAND IN SABAH. AMONG THE TOPICS FOR DISCUSSION ARE INDONESIAN PLANS TO NORMALIZE RELATIONS WITH THE PRC AND REGIONAL COOPERATION THROUGH ASEAN.

BURMA

MUSLIMS FLEEING BURMA (LOU)

MUSLIMS CONTINUE TO FLEE FROM BURMA IN LARGE NUMBERS WITH THE BURMESE AND BANGLADESH GOVERNMENTS ENGAGED IN VERBAL CONFLICT OVER THE NATIONALITIES AND MEANS INVOLVED. BANGLADESH HAS APPARENTLY NOT YET FORMALLY ASKED FOR INTERNATIONAL ASSISTANCE, ALTHOUGH THE GOVERNMENT IS EXPECTED TO DO SO IN THE NEAR FUTURE. THE U.S. COULD BE ASKED TO CONTRIBUTE TO ANY INTERNATIONAL EFFORT. IN THAT EVENT, WHETHER THE MUSLIMS ARE DESIGNATED AS REFUGEES OR AS DISPLACED PERSONS WILL DETERMINE WHETHER A U.S. CONTRIBUTION WOULD BE THE RESPONSIBILITY OF HA/ORM OR AID. WE ARE PREPARING PRESS GUIDANCE ON THE U.S. NEUTRAL POSITION ON THE
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SECRET

PAGE 05 STATE 118181

PROBLEM WHICH WILL BE CABLED TO DACCA AND RANGOON
WHEN APPROVED HERE.

NARCOTICS

MOHEIN OPERATIONS (SECRET/NOFORN)

BURMA ARMY OPERATIONS AGAINST HEROIN REFINING INSTALLATIONS IN THE SHAN STATE HAVE ALREADY ACHIEVED CONSIDERABLE SUCCESS AND APPEAR TO HAVE HAD A SIGNIFICANT DISRUPTIVE EFFECT ON GOLDEN TRIANGLE TRAFFICKING ORGANIZATIONS. AS NOTED PREVIOUSLY, THE FIRST OPERATION AGAINST THE DOI LANG AREA (MOHEIN IV), DURING WHICH USG-PROVIDED EQUIPMENT WAS USED EXTENSIVELY, DESTROYED TWO REFINERY COMPLEXES INCLUDING ABOUT TEN REFINING STATIONS. THE BURMESE SEIZED OVER 150 KILOGRAMS OF RAW OPIUM, APPROXIMATELY 2,250 LITERS OF LIQUID OPIUM, AND A RECORD QUANTITY OF CHEMICALS. OTHER OPERATIONS ARE PLANNED. UNCERTAINTY AS TO BURMA ARMY INTENTIONS SHOULD CONTINUE TO CONFUSE AND CONFOUND THE TRAFFICKERS IN THE PERIOD BETWEEN OPERATIONS.

THERE WERE SEVERAL INCIDENTS ALONG THE BORDER WHICH COULD HAVE CAUSED FURTHER MISUNDERSTANDINGS BETWEEN THE BURMESE AND THE THAI, AND THE TRAFFICKERS WERE ABLE TO FLEE INTO THAILAND WITH NO INTERFERENCE BY LOCAL THAI AUTHORITIES. HOWEVER, BOTH SIDES APPEAR TO HAVE ATTEMPTED TO PREVENT THESE FROM BECOMING MAJOR PROBLEMS. MEANWHILE, PM KRIANGSAK'S IMMINENT (MAY 10-12) VISIT TO RANGOON MAY PROVIDE ADDITIONAL INSIGHT INTO THE IMMEDIATE PROSPECTS FOR BETTER THAI-BURMESE RELATIONS.

INC AUTHORIZATION (LOU)

THE INTERNATIONAL NARCOTICS CONTROL AUTHORIZATION BILL HAS BEEN REPORTED TO THE HIRC BY THE SUBCOMMITTEE ON
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PAGE 06 STATE 118181

EAST ASIAN AND PACIFIC AFFAIRS (CHAIRMAN BY CONGRESSMAN WOLFF) WITH NO AMENDMENTS. WOLFF'S PROPOSED LANGUAGE IN THE REPORT RELATING TO THE DEA PRESENCE ABROAD WAS APPARENTLY DROPPED. THE SUBCOMMITTEE REPORT EXPRESSED CONCERN, HOWEVER, AT THE MANNER IN WHICH THE DEPARTMENT CARRIES OUT THE INC PROGRAM ABROAD AND URGED THE PRESIDENT TO PROVIDE FULL-TIME NARCOTICS COORDINATORS

AT EMBASSIES IN MAJOR PROGRAM COUNTRIES. VANCE

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLITICAL SUMMARIES
Control Number: n/a
Copy: SINGLE
Draft Date: 09 may 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE118181
Document Source: CORE
Document Unique ID: 00
Drafter: STAFF:CCH
Enclosure: ADDITIONAL HANDLING RESTRICTION: NF
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780197-0132
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780577/aaaacnrl.tel
Line Count: 225
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 0104b1a1-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EA
Original Classification: SECRET
Original Handling Restrictions: LIMDIS, ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: LIMDIS, ONLY
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 30 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2744493
Secure: OPEN
Status: NATIVE
Subject: WEEKLY STATUS REPORT -- THAILAND, INDONESIA, MALAYSIA, BURMA AND SINGAPORE AFFAIRS GENERAL
TAGS: PGOV, XC
To: WELLINGTON
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/0104b1a1-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014